

M&A Tool Selection

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Agenda

- Tool Selection Overview
- M&A Activity Phases & Overview
- Discovery Phase
- Valuation Phase
- Due Diligence Phase
- Integration Phase
- Summary

M&A Tool Selection

- M&A Tool Selections will be tied to the services and skills you offer, markets served, and what is trying to be captured and made full use of in either sale or buy-side transactions
 - You may be trying to gather and analyze data, value and structure deals, advise on organic growth approaches, manage transactions, or execute integration
- Acquisitions are time-consuming and can absorb critical management resources for both parties, that must run the business before and after an acquisition occurs.
 - *How can you lessen the effect on the day-to-day activities as either buyer or seller?*
 - Tools play an important role in tracking and rapidly executing the various phases of an acquisition activity
- Integration and Profitability are the end objectives
 - What is the profitability turn-around time for the buyer? How will you identify and track the assumed synergies and concerns from the beginning? Then capture the intended value and to execute it?
- Value of using tools throughout the M&A lifecycle to augment your proprietary methods
 - Aids in Deal Flow Discovery, Tracking, Deal Structuring, Value Capture
 - Discover more Buyers/Sellers inside and outside your current networks and market spaces
 - Valuation
 - Due Diligence Management
 - Integration



**Consider adding to your current existing proprietary methods.
What other tools and methods could be considered for use throughout the process?** 3

Track Synergies
Capture Value

Discovery

Valuation

Due
Diligence

Integration

•Professional Trades

•Business Journals

•Business Mtg Forums

•Contract Tracking &
Market Analysis

•Real Capital Markets

•MergerNetwork

•MergerMarket

•DACIS

•Capital & Investment
Partners

•MoneySoft

•ValueSource/NACVA

•Business Value
Express

•PlanPro Premier

•M&A Insight

• Financial Modeling
Guide

• Free Valuation Tools

•Merrill Corp – Datasite

•Intralinks

•Bowne

•Pandesa

•Brainloop

•Deal Interactive

•V-Rooms

•Real Capital Markets

•eKnow

•TX2 Systems

•PowerSteering

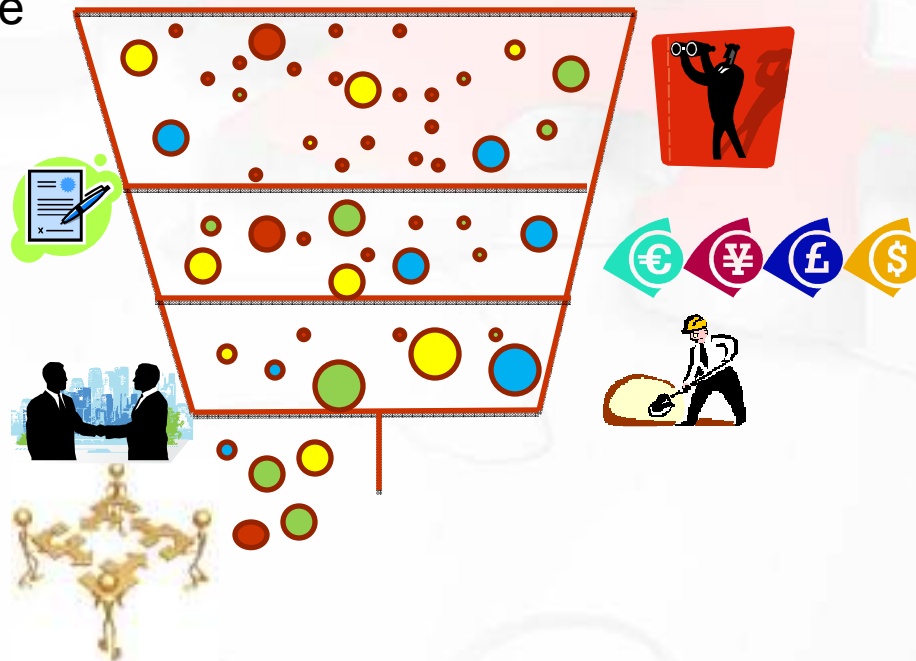
•Inchieve

M&A Discovery & Valuation Tools

- We need M&A Discovery & Valuation tools to:
 - Provide insight into marketplace players and activities



- Help create a DealFlow Pipeline



- Provide Transaction Value information and Deal Structuring support to consider closing the deal and moving forward



Discovery Phase



- **Description**
 - To discover public and privately held buyers and sellers and other intentions (R&D \$, buy/sell, expansion plans) in various markets that match your customers desired targeted core competencies.
- **Who / when involved**
 - Intermediaries, Organic and Inorganic Growth Strategy Advisors, Exit Strategy Advisors, Corporate Development, PE Houses, VC's, Brokers. Early stage of discovery .
- **Some available Tools & Methods, Markets Served and Value**
 - **Professional Trades**
 - Domestic and International
 - New or expanded market insights, grow business and create DealFlow opportunities within industry membership. Examples: Electronics Manufacturing Org, Nat'l Manufacturing Assoc, Society of Manufacturing Engineers, Renewable Energy Assoc, Solar Energy Society, Assoc of Equipment Manufacturers, Assoc of Crane & Rigging Professionals, National Mining Assoc, Real Estate Investors Assoc, Nat'l Assoc of Industry & Office Properties (NAIOP), Building & Construction Associations, National Drilling Assoc, Medical Device Trade Associations, PhARMA.org, Financial Executives Networking Group (FENG.org), CyberSecurity.org and other Small Business Advisory Groups.
 - **Regional Business Journals and other news media**
 - Liens, Litigation, New Startups, Trends, Banking, Real Estate, and Growth activities impacting multiple markets.
 - **Business Forum/Organization Teaming Meetings & Websites**
 - Capabilities Briefings
 - Increase their own ability to attract other teammates or potential buyers.

Find more players, discover their needs, aid them in attaining their goals



Discovery Phase, cont'd



Contract Tracking and Market Analysis Vendors Tools can provide info on different markets

- Tools may list contracts, end user/customers, provide market analysis reports, as well a contract incumbents and likely bidders. Gain more insight into your client or candidate targets competition and market position.

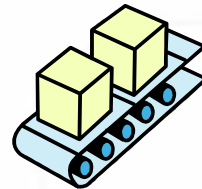
- FedSources – Contracts Focus

- Heavy IT integration with some manufacturing, and services/advisory work listed.
- Contract incumbent, provides agency background data,
- Lists companies IT revenue stream.



- INPUT – Company, Customer, Contracts and Teaming Focus

- Industry Analysis and Business Opportunities in Medical, CyberSecurity across all market sectors.
- Other low and high-end IT work, Systems Engineering, Systems Architecture, Social Services, Public Safety sectors.
- Directory of 350,000 small businesses. Tracks \$950B in federal and \$65B in state & local technology opportunities.



- CENTURION - Market, Customer, and Contracts Focus

- Energy Services, Financial Services, Network & Telecommunications Services, Healthcare Systems & Services, Information Assurance, Business Process Re-Engineering, Communication Systems & Services, Logistics, IT Services, R&D, Systems Engineering & Technical Assistance (SETA), Modeling and Simulation.



Test tools and methods that touch multiple marketspaces

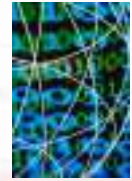
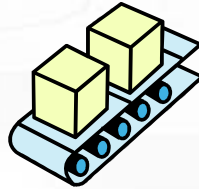


Discovery Phase, cont'd



- Frost & Sullivan – International Market Analysis Focus

- Reports on Energy & Power Systems, Industrial Automation and Process Control, Healthcare, Defense, POL, Manufacturing, Automotive & Transportation, Chemicals, Materials, Consumer Products, Electronics & Security, Airframes, Information & Communication Technologies.



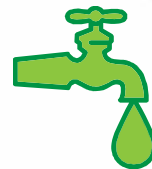
- Real Capital Markets - Customized Commercial Real Estate, Qualified Principle/Buyer and VDR database solutions.

- Covers MultiFamily, Office, Retail, Industrial, Land and Hospitality markets.
- RCM1 platform enables transaction professionals to market, manage, and track assets throughout the entire real estate lifecycle .
- Acts as an online bridge between institutional real estate investors and the capital markets



- MergerNetwork - Discover a variety of international and domestic businesses for sale

- Alcoholic beverage, fuel distribution, hospitality and franchise industries and much more.
- Research Market data on Retail, Utilities, Mining, Construction, Health Care, Information & Communication, Transportation & Warehousing and others.
- Binned by Region, Sales Levels or Industry.

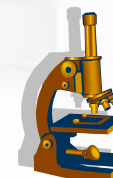
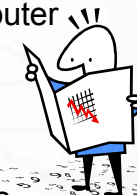




Discovery Phase, cont'd



- **MergerMarket** – Domestic and International, Forward-looking M&A origination intelligence and DealFlow.
 - 2200+public sources on potential or announced M&A deals.
 - Publishes M&A and Private Equity reports, industry sector and country insights
 - Alternative Energy, Biotechnology, Chemical & Material, Computer Hardware, Computer Semi-Conductors, Computer Services, Construction, Defense, Government Markets.
 - PE Houses Listed, platforms held, average # of deals, activities (buy & hold, sells in x years, IPO's)
- **Defense and Competitive Intelligence Service (DACIS)** – Intelligence Community, DoD, Services and IT Markets
 - Historical review and some forward-looking M&A acquisitions & divestitures
 - Lists a wide variety of product and service providers and related PE Houses.
 - Heavy use of relational databases, linking companies to programs of record, to customer budgets, M&A News.
 - Lists company core competencies, historical lineage, major programs of record, customer base with budget info
- **FEDBIZOPPS** – Civil and Federal Contracts Focus
 - Current and likely bidders listed for 25,000+ active and historical Federal opportunities.
 - Find teaming partners and competitors within the targets marketplace, and agency organization info.
- **Value** – Each of these to varying degrees identifies the market players, contracts, and marketshare analysis in various markets, Here you may find additional M&A target candidates to approach and expand the markets you service. Help your client discover other markets they can leverage their core competencies into, making them more attractive for acquisition or to improve organic growth.




Different market discovery toolsets provide information on multiple DealFlow possibilities from different vantage points.

Discovery Phase, cont'd


- TOO MANY OTHERS TO LIST & DISCUSS – APOLOGIES TO THOSE NOT LISTED


PRIVATE EQUITY | DATA | NEWS | ANALYSIS
<http://www.pitchbook.com/>


<http://www.gfdataresources.com/>


Keep your head above the competition.
See opportunity first.™
<http://www.strategyinabox.com/>


<http://www.thompsonstreet.net/>



A D&B COMPANY
<http://www.hoovers.com/>


<http://www.onesource.com/>





<http://www.huroncapital.com/>


<http://www.fthgulf.com/>


<http://www.westshorecapitalpartners.com/>


<http://www.betramcapital.com/>


<http://smallbusiness.dnb.com/>

 Grant Thornton
<http://www.grantthornton.com/>


<http://www.serentcapital.com/>



<http://www.ibisworld.com/>


<http://www.mergermarket.com/>

FROST & SULLIVAN
<http://www.frost.com/>

 MERGER NETWORK
Matching qualified buyers with quality businesses since 1995.
<http://www.mergernetwork.com/>

Business Forums,
Professional Trade
Organizations


<http://www.input.com/>


<http://www.4centurion.com/>


<https://www.fbo.gov/>


A WASHINGTON MANAGEMENT GROUP COMPANY
<http://www.fedsources.com/>


<http://www.rcm1.com/>


DEFENSE & AEROSPACE
COMPETITIVE INTELLIGENCE SERVICE
<http://www.dacis.com/>


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Valuation



- **Description** - Derive and define the value to the buyer and the seller. Fundamental analysis of a business involves analyzing its financial statements and health, its management and competitive advantages, and its competitors and markets.

Value is a combination of the Factors of Deal - Structure, Terms and Price

- Timing is crucial.
- Items that are considered of value to the acquirer are:
 - Tangible and Intangible business assets.
 - Patents, trademarks, employment agreements, copyrights, securities, goodwill, locations, partnerships, benefits packages, etc.
- Several valuation methods in existence
 - Provide estimated ranges
 - Actual price is determined by what the buyer is willing to pay
 - Each will value the target differently.
- **Who / when involved**
 - Intermediaries, CPA's, CFO's/Controllers, Brokers, Exit Strategy Advisors, Corporate Development, PE's, VC's, Business Owners

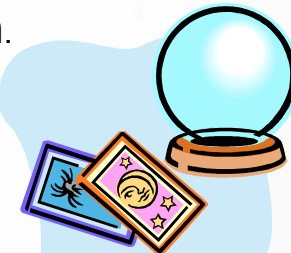
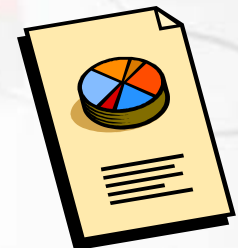


Transaction value can be impacted by the ability to link Intangibles to Tangibles



Valuation, cont'd

- **Available Tools , Markets Served and Value**
- **MoneySoft** – Provides Deal Sense Plus, Corporate Valuation Professional software tools.
 - Manage & Track Fixed Assets, Build Reports
 - Perform Valuation, Analyze & Benchmark Financial Data, Evaluate Buy-outs & Acquisitions
- **ValueSource**- Valuation tools providing many methods and databases covering private and public comparable transactions
 - 22 valuation methods that include 4 “income” 12 “market”, 3 “cost approaches” and 3 custom methods.
 - “Deal Structure,” “What If,” “Sanity Check,” and “Pay-Back Period” analyses.
- **Business Value Express** – Business Valuation and Deal Structuring software
 - Uses the DCF+ Method (DCF + Capital Availability + Debt Service-ability)
 - Buy/sell side valuation tool with 500,000+ calculations and “what if” analysis
 - Maximizes and satisfies Sellers Price and Buyers claimholders to cash.

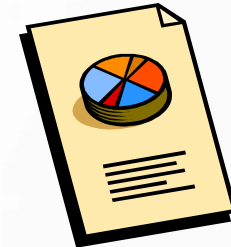
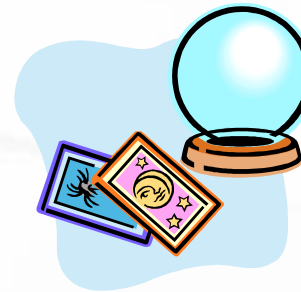


Does your sell-side owner need to add a competency, location, customer base, skill set or certification to make them more attractive to this or the next buyer to get the price they want?₁₂



Valuation, cont'd

- **Business PlanPro Premier** – Off-the-shelf, customizable, Business Plan and Valuation Tool
 - For start ups and existing profit or non-profits
 - Create measurable business plan activities, reports, charts, marketing and sales plans
 - Uses Internal Rate of Return (IRR) and Net Present Value (NPV) Investment Analysis Approaches
- **M&A Insight** - Provides insight into Software & Internet, Manufacturing, Distribution, HealthCare, Financial, Engineering and R&D Services M&A transactions.
 - Industry Summary Reports, Statistics & Multiples, Graphical Analysis
 - Transaction Lists & Details. Multiple sources from trade publications, mid-cap and large-cap transactions,
- **Free Valuation Tools** – Matt H. Evans, CPA, CMA, CFM (www.exinfm.com/site_map.html)
 - 6 Free M&A pre-canned Excel Spreadsheets plus 87 others



Different Valuation Tools will provide a range of potential value outcomes

Valuation, cont'd



<http://valuationresources.com/>



<http://www.paloalto.com>



<http://www.businessval.com/>



MoneySoft® Resources for Sound Business Decisions™

<http://www.moneysoft.com/>



<http://www.mainsight.com/mHome.asp>



Financial Modeling Guide

<http://www.financialmodelingguide.com/valuation-concepts/small-business-valuation/>



BUSINESS VALUATION SOFTWARE

<http://www.valusourcesoftware.com/>



<http://www.businessvaluexpress.com/>



<http://www.fvgi.com/>



http://www.exinfm.com/free_spreadsheets.html
<http://www.exinfm.com/miscellaneous/topicindex.html>

M&A Management Tools

- M&A Management tools typically fall into two main categories:
 - Data organization / collection (Virtual data rooms)
 - Overall Management / Communication Hub

- We use tools today during the next two phases to help facilitate, coordinate, disseminate, and manage deals through identification to closing to post-closing.
 - Simplify
 - Collaborate
 - Enable “sharing”
 - Data
 - Tools
 - Methodology

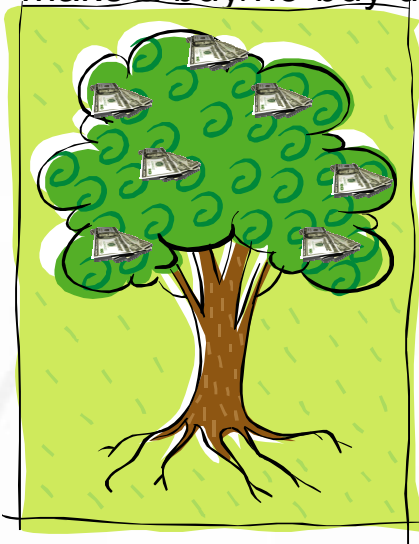




Due Diligence



- Due Diligence – Done to evaluate a target candidates offerings (IP, patents, products, services), and positions (market(s), competitive, financial).
- Reverse Due Diligence – Sell Side. Understand the desired outcomes of the deal. Get inside the potential buyers head to understand what motivates them. To acquire correctly, the buyer should be baselining themselves first, comparing to their own Strategic Plan and Roadmap second, identifying and qualifying targets third. Did they do that? Will you be told not to compete later? T&C's are important.
- Aids in the development of the negotiations, strategic fit and integration actions necessary to make a buy/no-buy decision.



The buyer asks:

- What do we do and how well?
- What is our vision?
- Who fills in those gaps?
- What impact does this acquisition have on the competition? Marketplace? Shareholders?

This is part of how they identified a candidate!

What is in it for the buyer?

Markets + Products + IP + People + Reputation + Growth = Success



Due Diligence, cont'd



- **Who / when involved**

- Intermediaries, Corporate Development, PE Houses, VC's, Valuation, Tax and Legal Experts.
Part of the Deal Structure Development and Integration Preparation.

- What are you looking to gain from Due Diligence and the potential Integration?

- Expand into new marketspaces, new geographical markets , acquire new customers
- Acquire capable management
- Complimentary skillsets
- Ability to cut duplicate costs and improve profits
- Elimination of competition or create barriers to entry
- Increase the breadth and depth of the product line

- Possible Tripwires

- Environmental problems?
- Are licenses and tax registration certificates transferable?
- Do you have any outstanding warranties and guarantees to your customers, staff or union?
- Any workers' compensation or unemployment claims?
- Who owns titles to the company's assets?
- Are there any pending employee lawsuits? Other lawsuits / liens? Workers Compensation or Unemployment Claims?
- Any contract awards being contested in the courts?
- Does the company have outstanding warranties and guarantees to its customers?



How do you track the good things and develop plans to mitigate any risk uncovered set up the integration team for success?



Due Diligence, cont'd



- **Available Tools , Markets Served and Value**

- **Merrill Datasite** - DataSite compresses M&A deal time, reduces expenses, engages more qualified bidders and maximizes sale price. And DataSite streamlines due diligence for any transaction type including IPOs, secondary offerings, bond financings, credit facilities, bankruptcies and more.

- **Intralinks** - IntraLinks brings together the powerful capabilities of content, collaboration and workflow tools to deliver enterprise-class solutions tailored to your business challenge.

- **Brainloop** – Brainloop is the leading provider of software solutions that enable secure management of confidential documents anytime, anywhere. The Brainloop Secure Dataroom is a hosted service for managing, sharing and collaborating on confidential documents by using best-in-class security.

- **Deal Interactive** - TransPerfect Deal Interactive is a leading provider of web-based virtual data room (VDR) solutions that enable firms to conduct due diligence in a secure online environment. Fast repository creation and 24/7/365 support help corporations, financial institutions, and law firms achieve cost and time efficiencies during the M&A process.

What is the candidate acquisition targets plan for success in the marketplace and yours? Do they seem to “dove-tail”? If you found a problem, can you make it work or will you walk away? 18



Due Diligence, cont'd



- **V-Rooms** - V-Rooms™ provides a privately-branded online virtual data room solution, designed to streamline document management, collaboration, exchange and archiving for Financial, Legal and Corporate professionals.

- **Real Capital Markets** - Real Capital Markets (RCM1) provides the custom marketing, Virtual Deal Room®, and qualified buyer database for more than 25% of all commercial properties brought to market

- **Bowne** - With Bowne Virtual Dataroom™ you can bring Dealmakers together on a secure, dedicated Web site to share documents, streamline due diligence, close deals faster, collaborate with more partners, all in an environment you can easily control, monitor and document. There are no compromises. Expect top security. Innovation. Speed. Efficiency. Ease of use.

- **Pandesa** – The firm was founded in 2003 to help professionals securely share unstructured information in order to facilitate business transactions. The company provides an on demand platform that enables its customers to manage critical time-sensitive and document-centric processes, such as due diligence, where documents must be organized and made available to multiple parties efficiently and securely. Pandesa software is easy-to-use and delivers the flexibility and functionality to be a powerful business tool.



brainloop





Integration



- **Integration** – The deal is closed...Now the real challenge begins. Successful integration starts with a strategy that supports the deal drivers / synergies to a detailed cross functional plan that is built bottoms up to tightly managed execution.
- **Who / when involved** – The Integration team should start their work at the time of an LOI, term sheet, definitive agreement, etc. Each integration team will be unique to the specifics of the deal, but a typical deal will include an Integration Team Leader and a mix of cross functional leaders (HR, IT, Operations, Finance, Legal, etc).
- **Available Tools , Markets Served and Value**
 - **eKnow** – eknow inc develops, sells, and deploys powerful online communication, collaboration, and tracking tools that increase the ease, effectiveness, and speed of the Mergers and Acquisitions process. eknow business solutions have been helping companies “execute, track, and know” since 1999.
 - **PowerSteering** –PowerSteering Software helps you apply Project & Portfolio Management to IT, Lean Six Sigma, New Product Development, a PMO, or any other project-intensive area of your company. Improve strategy alignment, executive visibility, resource management, team productivity & project execution.



Integration



- **Available Tools , Markets Served and Value**

- **Inchieve**– PMi Link, Inchieve's web-based software platform provides a systematic methodology for all functional groups of merging companies to plan, execute and quantify performance of a post-merger integration program.

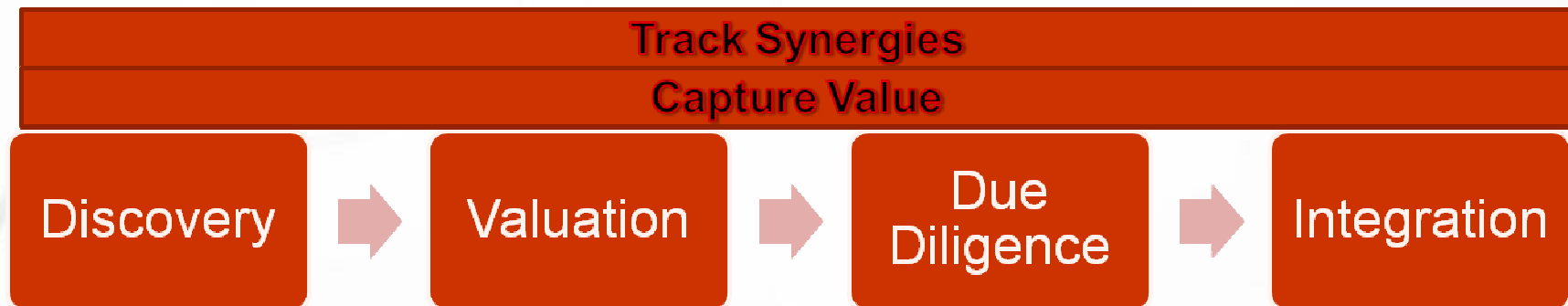
- **TX2 Systems** –TX2 Systems, Inc. is the leading provider of software solutions for managing the various aspects of mergers, acquisitions and divestitures at any stage (planning, screening, due diligence or integration). TX2's flagship software, **EMA™** (**E**nterprise **M**erger and **A**cquisition Software™), is a web-based software suite designed to streamline the M&A process end-to-end for any party involved in deals (buyer, seller, advisory firm, law firm etc.).



Software Solutions for
Mergers and Acquisitions

Summary

- Every Tool will offer something different at various depths of skill, products offered, and markets covered.
- Web-based tools augment your existing proprietary methods of Discovering, Evaluating, Tracking, Capturing and Integrating the Value you want to gain in the Transaction.
- Using more than one tool in the same phase of M&A activity can help confirm assumptions, validate market data and offer complimentary information to help complete the picture.
- New tools and markets may increase the number of clients you serve and improve your DealFlow Pipeline.



Steve Sapletal, Managing Partner

On Point Consulting

Steve is the Managing Partner of a boutique M&A Integration firm. On Point has been in business since 1999 assisting companies through complex M&A transactions. Unlike firms that have a limited view of business integration, On Point has the experience and resources to take a comprehensive approach to all aspects of a successful integration, including organizational structure, business processes, technology, human resources, communication and culture

Steve has over 17 years of experience and is an accomplished business consultant with vision, perception and a trusted advisor to senior executive management. He has experience in managing complex M&A integrations and business process improvement engagements.

Steve brings experience in developing M&A integration frameworks, facilitation, and numerous years of consulting experience to our clients. He has experience in multiple industries including life sciences, pharmaceuticals, retail, financial services, transportation, and software.

Mark Devine – CM&AA

Corporate Development and Business Intelligence



Mark has 9 years experience supporting organic and inorganic growth strategies for small and large, private and publicly held, Defense and Intelligence Community companies. Experienced in Corporate Development, Business Intelligence (BI), Market Analysis, Strategic Plan Development and Internal Company Baselineing. He has searched, analyzed and reported on 90+ in-depth Merger & Acquisition (M&A) Candidates, with some Due Diligence and Integration experience. He has co-developed M&A Policy, Processes and Tools/Templates.

He has performed Capture, Proposal, Project Management and Business Development (BD) activities. He has streamlined the information required for business pursuit decisions by marring business opportunity tracking systems and review processes. He has mentored others in BI and M&A activities. He searches and tests new sources and tools. Aided in active business pursuits by discovering and sharing information on customer budgets, marketspace trends, competitors, core competencies, and related contractual history.

Prior to his business experience, Mark served for 21 years in the USAF and the National Reconnaissance Office (NRO). There he performed Space Operations, helping meet cross-service and cross-agency (DoD and Intelligence Community) strategic and tactical customer's needs, while gaining experience in management, training and evaluation, and procurements. His space operations positional qualifications included spacecraft mission planning, command & control, telemetry analysis, constellation deconfliction, mission data recovery, ground station configuration, pre and post-launch testing , orbital maneuvers, and space situational awareness activities.

Education:

Summa Cum Laude, Bachelor of Business Administration, Strayer University, Washington DC

AAS, Space Sciences, and AAS , Instructor of Technology in Military Sciences, Community College of the Air Force, Maxwell AFB, AL

Certified Merger & Acquisition Advisor , Loyola University

Shipley & Associates Capture and Proposal Management Course

John Goyak and Associates Capture Management Course

Program Management, Opportunity and Risk Management, and Earned Value Management Courses

Six Sigma Specialist Training (Process Improvement) Course